BLACK SEA TRADE AND DEVELOPMENT BANK

Condensed Interim Financial Statements for the Six-Month Period Ended 30 June 2026

Together with Auditors' Review Report

Table of Contents

Deloitte.

Deloitte Certified Public
Accountants S.A.
3a Fragkokklisias & Granikou str.
Marousi Athens GR 151-25
Greece

Tel: +30 210 6781 100
www.deloitte.gr

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors and the Board of Governors of Black Sea Trade and Development Bank

Review Report on Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Black Sea Trade and Development Bank as of 30 June 2026 and the condensed interim statements of income and comprehensive income, changes in members' equity and cash flow for the six-month period then ended, as well as the selective explanatory notes, which together comprise the six-month condensed interim financial statements.
.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union and applicable to Interim Financial Reporting (International Accounting Standard "IAS" 34). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as transposed in Greek legislation, and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Athens, 17 September 2026

The Certified Public Accountant

Dimitris Katsibokis
Reg. No. SOEL: 34671
Deloitte Certified Public Accountants S.A.
3a Fragoklissias & Granikou Str., 151 25 Maroussi
Reg. No. SOEL: E 120

CONDENSED INTERIM INCOME STATEMENT

For the six-month period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2026	Six months to 30 June 2025
Interest and similar income	**7**	51,934	40,208
Interest and similar expense	**8**	(26,388)	(14,104)
Net interest income (expense) on derivatives	**9**	(5,228)	(6,951)
Net interest income		**20,318**	**19,153**
Of which: net interest income based on the effective interest rate		45,621	36,245
Net fees and commissions		1,355	650
Dividend income		-	17
Net gains (losses) on derecognition of debt investment securities at fair value through other comprehensive income		(1,943)	(55)
Net gains (losses) on derecognition of equity investment		-	(261)
Net gains from loan sale measured at amortized cost		-	1,023
Realized gains (losses) on derivative instruments		(1,067)	-
Unrealized fair value gains (losses) on derivative instruments		(590)	48,652
Fair value gains (losses) on loans measured at fair value through profit or loss		111	84
Foreign exchange income (losses)		10,683	(18,759)
Other income		2	-
Operating income		**28,869**	**50,504**
Personnel expenses	**10**	(10,766)	(9,539)
Administrative expenses	**10**	(3,070)	(2,852)
Depreciation and amortization	**17,18**	(475)	(276)
Income before expected credit losses		**14,558**	**37,837**
Expected credit (losses) gains on loans measured at amortized cost	**11,20**	1,936	5,374
Expected credit (losses) gains on guarantees	**20**	(31)	(1,057)
Expected credit (losses) gains on debt investment securities measured at fair value through other comprehensive income	**12**	(163)	600
Income for the period		**16,300**	**42,754**

The accompanying notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2026	Six months to 30 June 2025
Income for the period		**16,300**	**42,754**
Other comprehensive income (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Gains (losses) on equity investments financial assets	**22**	1,379	94
Items that are or may be reclassified subsequently to profit or loss:			
Gains (losses) on investment securities financial assets	**22**	2,477	(198)
Gains (losses) on cash flow hedges	**22**	1,035	4,561
Other comprehensive income (expense)		4,891	4,457
Total comprehensive income		**21,191**	**47,211**

The accompanying notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

Presented in thousands of EUR	Note	At 30 June 2026	At 31 December 2025
Assets			
Cash and due from banks	**24**	289,954	425,871
Deposits in margin accounts		66,800	80,370
Placements with financial institutions		20,000	-
Debt investment securities at fair value through other comprehensive income	**12**	375,663	111,472
Derivative financial instruments – assets	**13**	17,626	19,670
Loans at amortized cost	**5,14**	1,497,958	1,427,151
Plus: accrued/deferred income	**14**	27,169	28,697
Less: expected credit losses	**5,11**	(82,655)	(85,623)
Loans at fair value through profit or loss	**14**	30,142	30,031
Loans		**1,472,614**	**1,400,256**
Equity investments at fair value through other comprehensive income	**5,15**	9,298	6,914
Other assets	**16**	35,139	34,146
Property and equipment	**17**	17,609	18,034
Intangible assets	**18**	591	511
Total Assets		**2,305,294**	**2,097,244**
Liabilities			
Amounts due to financial institutions	**19**	318,180	310,869
Debt evidenced by certificates	**19**	909,224	728,525
Accrued interest payable	**19**	17,926	9,808
Borrowings		**1,245,330**	**1,049,202**
Margin accounts		2,110	3,160
Derivative financial instruments – liabilities	**13**	82,205	94,607
Other liabilities	**20**	30,875	26,692
Total liabilities		**1,360,520**	**1,173,661**
Members' Equity			
Authorized share capital	**21**	3,450,000	3,450,000
(Less): unallocated share capital	**21**	(1,161,500)	(1,161,500)
Subscribed share capital	**21**	**2,288,500**	**2,288,500**
(Less): callable share capital	**21**	(1,601,950)	(1,601,950)
Paid-in share capital		**686,550**	**686,550**
Reserves	**22**	125,620	120,729
Retained earnings		132,604	116,304
Total members' equity		**944,774**	**923,583**
Total Liabilities and Members' Equity		**2,305,294**	**2,097,244**
Off-balance-sheet items			
Commitments	**5**	234,122	180,837

The accompanying notes on pages 8 to 30 are an integral part of these financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the six-month period ended 30 June

Presented in thousands EUR	Share capital					
	Subscribed	**Callable**	**Payable**	**Reserves**	**Retained Earnings**	**Total**
At 31 December 2024	**2,288,500**	**(1,601,950)**	**-**	**100,944**	**103,531**	**891,025**
Income for the period	-	-	-	-	**27,518**	**27,518**
Other comprehensive income:						
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	1,368	-	1,368
Actuarial (losses) gains on defined benefit scheme	-	-	-	1,601	-	1,601
Effective portion of cash flow hedges gains (losses)	-	-	-	2,071	-	2,071
Total comprehensive income for the period	-	-	-	**5,040**	**27,518**	**32,558**
Members' contributions	-	-	-	14,745	(14,745)	-
Total contributions	-	-	-	-	-	-
At 31 December 2025	**2,288,500**	**(1,601,950)**	**-**	**120,729**	**116,304**	**923,583**
Income for the period	-	-	-	-	16,300	**16,300**
Other comprehensive income:						
Net gains (losses) on financial assets at fair value reserve through OCI	-	-	-	3,856	-	**3,856**
Effective portion of cash flow hedges gains (losses)				1.035	-	**1,035**
Total comprehensive income for the period	-	-	**-**	**4,891**	**16,300**	**21,191**
Members' contributions	-	-	**-**	**-**	**-**	**-**
Total contributions	-	-	-	-	-	-
At 30 June 2026	**2,288,500**	**(1,601,950)**	**-**	**125,620**	**132,604**	**944,774**

The accompanying notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June

Presented in thousands of EUR	Note	Six months to 30 June 2026	Six months to 30 June 2025
Cash flows from operating activities			
Net income for the period		**16,300**	**42,754**
Adjustment for items in income statement:			
Depreciation and amortization	**17,18**	475	276
Expected credit losses (gains) on loans	**11,20**	(1,936)	(5,374)
Expected credit losses (gains) on guarantees	**20**	31	1,057
Expected credit losses (gains) on investment securities		163	(600)
Realized gains (losses) on disposal of investment securities at FVTOCI	**22**	2,067	55
Fair value (gains) losses on loans at FVTPL		(111)	(84)
Net (gains) losses from loan sale at amortized cost		-	(1,023)
Net interest income		(25,573)	(26,104)
Realized (gains) losses on disposal of derivative instruments		1,067	-
Unrealized (gains) losses on derivatives instruments		3,154	-
Working capital adjustments:			
Decrease (increase) in loans and advances		(46,402)	21,216
Decrease (increase) in deposits margin accounts		(1,050)	44,120
Decrease (increase) in other assets		(12,811)	(8,054)
Increase (decrease) from sale of loans		-	39,568
Increase (decrease) in margin accounts		13,570	1,350
Increase (decrease) in other liabilities		2,175	2,751
Increase (decrease) in equity investments		(1,005)	(151)
Net movement in derivative financial instruments		-	123
Interest income received		45,096	50,263
Net cash from / (used in) operating activities		**(4,790)**	**162,143**
Cash flows from investing activities			
Net proceeds from investment securities at FVTOCI		8,942	(86,726)
Purchase of property, software and equipment		(381)	(4,684)
Government Grant received	**16**	10,000	-
Net cash from / (used in) investing activities		**18,561**	**(91,410)**
Cash flows from financing activities			
Proceeds from borrowings		335,281	127,464
Repayment of borrowings		(154,411)	(145,877)
Payment of lease liability		-	(258)
Interest income paid		(16,039)	(13,687)
Net cash from financing activities		**164,831**	**(32,358)**
Effect on foreign exchange		(22,079)	69,062
Net increase (decrease) in cash and cash equivalents		**156,523**	**107,437**
Cash and cash equivalents at beginning of year		512,767	274,273
Cash and cash equivalents at end of period	**24**	**669,290**	**381,710**

The accompanying notes, on pages 8 to 30 are an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. ESTABLISHMENT OF THE BANK

Agreement Establishing the Bank

Black Sea Trade and Development Bank (the "Bank" or "BSTDB") is an international financial organization established under the Establishing Agreement dated 30 June 1994. In accordance with Article 61 of the Establishing Agreement, following the establishment of the Bank, the Establishing Agreement came into force on 24 January 1997. The Bank commenced its operations on 1 June 1999. The Bank is located in Hellenic Republic having its headquarters at 26th Oktovriou & 1 Limnou Street, in Thessaloniki.

The purpose of the Bank is to accelerate development and promote cooperation among its shareholder countries. As a regional development institution, the Bank is well placed to mobilize financial resources and to improve access to financing for businesses in the whole region as well as for those active only in its individual Member Countries. The Bank offers project and trade financing facilities, equity participations and guarantees. Bank financing of projects and programs is available directly or in cooperation with other national and international development institutions. The Bank may also, where appropriate, provide technical assistance to potential customers.

As at financial position date the Bank's shareholders comprised of the following 11 countries: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, Türkiye, and Ukraine (all the countries hereafter, the 'Region').

Headquarters Agreement

The status, privileges and immunities of the Bank and persons connected therewith in the Hellenic Republic are defined in the Headquarters Agreement between the Government of the Hellenic Republic and the Bank (Headquarters Agreement) signed on 22 October 1998.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as published by the International Accounting Standards Board (IASB) and should be read in conjunction with the Bank's last annual financial statements as at and for the year ended 31 December 2025 (last annual financial statements). They do not include all the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the last annual financial statements.

These condensed interim financial statements for the six-month period ended 30 June 2026 are approved by the Management Committee and also submitted to the Board of Directors (BoD) in their meeting on 17 September 2026 for their information.

Basis of measurement

The condensed interim financial statements have been prepared on a historical cost basis except for the below assets and liabilities which have been measured at fair value:

- Debt investment securities at fair value through other comprehensive income;
- Loans at fair value through profit or loss;
- Equity investments at fair value through other comprehensive income; and
- Derivative financial instruments.

Functional and presentation currency

The Bank's functional currency is the Euro (EUR) as defined by the European Central Bank (ECB). The Euro is most representative of the Bank's operations and environment as a significant percentage of the Bank's lending operations are in Euro, and the administrative expenses and capital expenditures are primarily denominated and settled in this currency. The Bank's presentation currency is the EUR and values are rounded to the nearest thousand unless otherwise stated.

Use of Estimates and Judgments

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments and use of estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those reported. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where the Bank has applied judgement and used estimates and assumptions are: the estimation of expected credit losses of loans, fair valuation of financial instruments not quoted in active markets, including over the counter (OTC) derivatives and certain debt securities, and estimation of retirement benefits obligation.

The areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in the Note 4.

2.2 Going Concern

The Bank's Board of Governors considered the Bank's ongoing financial sustainability when approving the Bank's "Long Term Strategic Framework (LTSF) 2021-2030" in June 2021, which reflects the Bank's prospects and the ways in which its shareholders would like it to evolve.

The condensed interim financial statements for the six-month period ended 30 June 2026 have been prepared on a going concern basis. As the Bank maintains its operational capacity and retains its strong capital and liquidity positions, the Board of Directors is of the view that the Bank will continue to operate as a going concern from the date of approval of the financial statements.

In December 2024, the Board of Governors approved the Medium-Term Strategy and Business Plan 2023-2026, Phase 2: 2025-2026, thus providing the necessary guidance for the coming two year period, including certain adjustments to the LTSF 2021-2030 in order to update objectives and numeric targets in light of actual developments so as to be appropriate for the current situation of the Bank.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in these condensed interim financial statements are the same as those applied in the last annual financial statements.

New standards and amendments to existing standards that have been issued by the IASB and have been endorsed by the EU, but they are not effective in 2026 nor they have been early adopted by the Bank:

IFRS 18 (New IFRS) "Presentation and Disclosure in Financial Statements". The new Standard aims to improve the transparency and comparability of the entities' performance reporting, it has retrospective application and will replace IAS 1 Presentation of Financial Statements. It sets out general and specific requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 9, IFRS 7 (Amendment) “Classification, Measurement and Disclosure of financial instruments”. The amendments aim to address matters identified post – implementation of the IFRS 9. More specifically, the amendments: a) clarify that an entity is allowed to derecognise a financial liability (or part of it) settled before the actual settlement date under specific conditions when using an electronic payment system, b) provide additional examples regarding the contractual terms which are consistent with a basic lending arrangement and enhance the description of non-recourse features and contractually linked instruments and c) add new disclosures for equity instruments classified at FVTOCI and financial instruments with contingent features.

IFRS 9, IFRS 7 (Amendment) “Contracts Referencing Nature-dependent Electricity”. The amendments aim to enhance the factors an entity shall take under consideration when assessing the own-use exemption of IFRS 9 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent. Moreover, the amendments extend also to hedge accounting and allow an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument. Finally, amendments introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

Annual Improvements
The Standards amended in order to address inconsistencies among paragraphs of different IFRSs or to provide clarifications where the Bank is examining their impact, as relevant are:

- IFRS 1 “Hedge accounting by a first-time adopter”.
- IFRS 7 “Gain or loss on derecognition”.
- IFRS 7 “Disclosure of deferred difference between fair value and transaction price”.
- IFRS 7 “Introduction and credit risk disclosures”.
- IFRS 9 “Lessee derecognition of lease liabilities”.
- IFRS 9 “Transaction price”.
- IFRS 10 “Determination of a ‘de facto agent”.
- IAS 7 “Cost method”.

The Bank has not early adopted the above amendments; however it is not expected any material impact on the Bank’s financial statements.

New standards and amendments to existing IFRS issued by the IASB but have not yet been endorsed by the EU, and therefore have not been adopted by the Bank:

IFRS 19 (New IFRS) “Disclosures: Subsidiaries without Public Accountability”. The new Standard specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRSs. It allows subsidiaries with a parent that applies IFRS in its consolidated financial statements to apply IFRS with reduced disclosure requirements. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability, and their parent company applies IFRS in their consolidated financial statements.

3.1 Foreign Currencies

The Bank uses the official exchange rates published for EUR by the European Central Bank (ECB), exception for Armenian dram, Azerbaijan manat, Georgian lari, and Russian Ruble, extracted from relevant Central Banks. The exchange rates used by the Bank at the financial position date were as follows.

			30 June 2026	**31 December 2025**	**30 June 2025**
	=	United States dollar	1.13940	1.17500	1.17200
	=	Pound sterling	0.86178	0.87260	0.85550
	=	Russian ruble	88.64720	92.09380	92.27850
1 EUR	=	Azerbaijan manat	1.93620	2.00220	1.99440
	=	Georgian lari	3.01560	3.17370	3.18820
	=	Armenian dram	419.47000	449.01000	450.83000
	=	Romanian leu	5.24390	5.09680	5.07850
	=	Turkish lira	53.16420	50.48380	46.56820

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Bank's condensed interim financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense and accompanying notes. Change in accounting estimates are recognized in the period when the estimate is revised and applied prospectively. Actual results may differ from the estimates. The Bank believes that the significant judgments, estimates and assumptions used in the preparation of its condensed interim financial statements are appropriate. The Bank reviews the assumptions used and estimates made on an on-going basis.

The following are the most significant areas, for which the Bank has made critical judgments, estimates and assumptions in applying the Bank's accounting policies, and have the most significant effect in the condensed interim financial statements are the following:

a. Fair value estimates for financials instruments not measured at fair value.

b. Expected Credit Losses for loans.

c. Staging override: The Management uses judgement for determining the stage classification for loan exposures to Ukraine and Russia due to the geopolitical crisis.

The ECL is calculated for both Stage 1 and Stage 2 loans by multiplying the PD rate, the loss given default (LGD) rate applicable for the loan and the exposure at default (EAD) and discounting the resulting provision using the loan's effective interest rate (EIR). The Bank incorporates forward-looking macroeconomic variable projections for each Member state and assesses the relationship between the multiple macroeconomic scenarios used and the main economic inputs utilized such as GDP. Additionally, for stage 3 loans i.e. the loans that are assessed for impairment on an individual basis the Bank assesses at each reporting period all available information and evidence on a loan by loan basis and the ECL measurement is determined based on the estimation of LGD which is calculated based an individual assessment impairment exercises and discounted cash flow approach. The cash flow approach incorporates the Management's estimates at the reporting period for incorporating certain assumptions and available information including information relating to collaterals liquidation. For more information refer to Note "Expected credit losses".

5. FINANCIAL ASSETS AND LIABILITIES

5.1 Fair Value Hierarchy

For financial instruments measured at fair value, the Bank uses IFRS 13 specifies classification of fair values on the basis of a three-level hierarchy of valuation methodologies. The classifications are determined based on whether the inputs used in the measurement (valuation technique) of fair values are observable or unobservable. The Bank measures fair values using the following fair value hierarchy, for determining and disclosing the fair value of financial instruments, which reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market prices in active markets for identical (same) assets or liabilities;

- Level 2: Quoted market prices in active markets for similar instruments, or quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The valuation techniques/models used to determine the fair values are the net asset value (NAV), EBITDA multiples and discounted cash flows (DCF) models.

The tables below depicts the Bank's financial instruments measured at fair value on a recurring basis at 30 June 2026 and 31 December 2025. Financial assets and financial liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement.

	30 June 2026			
Presented in EUR (000)	**Level 1**	**Level 2**	**Level 3**	**Carrying Amount**
Derivative financial instruments – assets	-	17,626	-	**17,626**
Fair value through profit or loss:				
Loans	-	-	30,142	**30,142**
Fair value through other comprehensive income:			-	
Debt investment securities	370,972	4,691	-	**375,663**
Equity investments	-	-	9,298	**9,298**
Derivative financial instruments – liabilities	-	(82,205)	-	**(82,205)**
At 30 June 2026	**370,972**	**(59,888)**	**39,440**	**350,524**

Transfers from Level 1 to Level 2 occur when the volume of trading of an investment is at a level that is not sufficient for its market to be deemed active, but where the market price is still the best indicator of that investment's value. Transfers from Level 1 or from Level 2 to Level 3 occur when there is no longer an observable market price indicative of any market transaction. Transfers out of Level 2 to Level 1 are based on the volume of trading of that investment, the market would be deemed active. Four bonds are reclassified from level 1 to level 2.

	31 December 2025			
Presented in EUR (000)	**Level 1**	**Level 2**	**Level 3**	**Carrying Amount**
Derivative financial instruments – assets	-	19,670	-	**19,670**
Fair value through profit or loss:				
Loans	-	-	30,031	**30,031**
Fair value through other comprehensive income:				
Debt investment securities	111,472	-	-	**111,472**
Equity investments	-	-	6,914	**6,914**
Derivative financial instruments – liabilities	-	(94,607)	-	**(94,607)**
At 31 December 2025	**111,472**	**(74,937)**	**36,945**	**73,480**

Fair Value Measurement in Level 3

The table provides a reconciliation of the fair values of the Bank's loans classified in Level 3 of the fair value hierarchy.

Presented in EUR (000)	**At 30 June 2026**	**At 31 December 2025**
At 1 January	30,031	20,308
Disbursement	-	10,000
Total gains (losses) recognized in the income statement	111	(276)
At end of period/year	**30,142**	**30,031**

At 30 June 2026 the fair value of loans through profit or loss is calculated based on a discounted cashflow approach using the applicable effective interest rate.

The table provides a reconciliation of the fair values of the Bank's equity investments classified in Level 3 of the fair value hierarchy.

Presented in EUR (000)	**At 30 June 2026**	**At 31 December 2025**
At 1 January	6,914	6,625
Disbursements*	1,213	463
Repayments	(208)	(85)
Total gains (losses) recognized in other comprehensive income	1,379	172
Exit at fair value through other comprehensive income	-	(261)
At end of period/year	**9,298**	**6,914**

* Committed capital call or covering general costs, without increase percentage of investment.

Sensitivity Analysis for Level 3

The table below illustrates the valuation techniques used in the determination of fair values for loans and equity investments within Level 3 of the fair value hierarchy, and on an estimated 5% increase or decrease in net asset value. The significant unobservable input for loans was the forecasted cash flows using discounted cash flows approach using the applicable effective interest rate, and for equity investments expected net asset value or / and EBITDA multipliers. The Bank considers that market participants would use the same inputs in pricing the financial assets. Management considers that changing the unobservable inputs described below to reflect other reasonably possible alternative assumptions would not result in a significant change in the estimated fair value.

Presented in EUR (000)	Significant Unobservable inputs	Carrying Amount	Favorable change	Unfavorable change
Loans	Forecasted cash flows	30,142	1,507	(1,507)
Equity investments	Net asset value and EBITDA multiplies	9,298	465	(465)
At 30 June 2026		**39,440**	**1,972**	**(1,972)**

Presented in EUR (000)	Significant Unobservable inputs	Carrying Amount	Favorable change	Unfavorable change
Loans	Forecasted cash flows Net asset value	30,031	1,501	(1,501)
Equity investments	and EBITDA multiplies	6,914	346	(346)
At 31 December 2025		**36,945**	**1,847**	**(1,847)**

Loans at fair value through profit or loss mainly comprise tier 2 subordinate loans. Their fair value is calculated based on a discounted cashflows approach using the applicable effective interest rate and provided inputs which could be discount rate, average cost of capital, probability of default.

Equity investments comprise the Bank's equity funds and equity participations. NAV multiples are most commonly applied to such direct investments, and recent transactions within sectors are also considered where available. Equity funds are valued based on NAV statements adjusted for applicable market movements observed between the measurement date of the NAV and end of reporting period.

Mentioned model definitions relate to NAV = net asset value; EBITDA = earnings before interest, tax, depreciation and amortization; and DCF = discounted cash flow. Although the Bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different fair value results.

The table below classifies the Bank's financial instruments at 30 June 2026 and 31 December 2025 that were not carried at fair value into the same three levels as financial instruments measured at fair value, reflecting the relative reliability of the measurement (valuation technique) base with level 1 as the most reliable.

	30 June 2026				
Presented in EUR (000)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	Carrying amount
Assets					
Cash and due from banks	289,954	-	-	**289,954**	289,954
Deposits in margin accounts	66,800	-	-	**66,800**	66,800
Placement with financial institutions	20,000	-	-	**20,000**	20,000
Loans at amortized cost	229,524	-	1,217,931	**1,447,455**	1,497,958
Accrued/deferred income	-	-	27,169	**27,169**	27,169
Other assets	-	-	35,139	**35,139**	35,139
Total financial assets	**606,278**	**-**	**1,280,239**	**1,886,517**	**1,937,020**
Liabilities					
Borrowings	468,029	444,689	336,106	**1,248,824**	1,245,330
Margin accounts	2,110	-	-	**2,110**	2,110
Other and lease liabilities	-	-	30,875	**30,875**	30,875
Total financial liabilities	**470,139**	**444,689**	**366,981**	**1,281,809**	**1,278,315**

	31 December 2025				
Presented in EUR (000)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	Carrying amount
Assets					
Cash and due from banks	425,871	-	-	**425,871**	425,871
Deposits in margin accounts	80,370	-	-	**80,370**	80,370
Loans at amortized cost	272,288	-	1,104,703	**1,376,991**	1,427,151
Accrued/deferred income	-	-	28,697	**28,697**	28,697
Other assets	10,000	-	24,146	**34,146**	34,146
Total financial assets	**788,529**	**-**	**1,157,546**	**1,946,075**	**1,996,235**
Liabilities					
Borrowings	157,916	547,224	320,677	**1,025,817**	1,049,202
Margin accounts	3,160	-	-	**3,160**	3,160
Other and lease liabilities	-	-	26,692	**26,692**	26,692
Total financial liabilities	**161,076**	**547,224**	**347,369**	**1,055,669**	**1,079,054**

5.2 Credit Risk by Country and Sector

The Bank is restricted to operating in its 11 Member States and individual country limits are set as a maximum at 30% of planned commitments. This limit is calculated on the basis of the BoD approved operations, minus repayments and cancellations. Individual operations are further constrained by the Single Obligor Limit and by monitoring Sectoral Exposure.

The concentration of credit risk in lending portfolios is presented below, also including the undrawn amounts. The Bank is generally well diversified by country and by sector.

	30 June 2026		31 December 2025	
Presented in EUR (000)	Outstanding balance	Undrawn commitments	Outstanding balance	Undrawn commitments
Concentration by instrument				
Loans	1,528,100	165,974	1,457,182	110,551
Equity investments	9,298	13,240	6,914	14,682
Guarantees	-	54,908	-	55,604
At end of period/year	**1,537,398**	**234,122**	**1,464,096**	**180,837**
Concentration by country				
Albania	14,178	7,000	15,551	-
Armenia	87,663	4,000	59,155	-
Azerbaijan	90,633	10,534	54,989	16,732
Bulgaria	135,920	1,192	167,421	9,517
Georgia	120,008	585	95,776	9,791
Greece	170,511	124,492	185,366	69,005
Moldova	66,021	-	68,875	2,226
Romania	172,913	4,364	160,303	18,168
Russia	89,991	-	96,626	-
Turkiye	429,858	36,866	370,363	41,644
Ukraine	159,702	45,089	189,671	13,754
At end of period/year	**1,537,398**	**234,122**	**1,464,096**	**180,837**
Concentration by sector				
Consumer discretionary	56,804	-	59,704	-
Consumer staples	168,409	-	176,126	4,452
Energy	156,324	-	132,116	-
Financial institutions	462,352	40,220	348,881	41,196
Health care	84,893	-	87,841	-
Industrials	243,414	146,372	268,515	94,695
Materials	120,165	10,000	137,130	12,098
Real estate	38,467	-	39,951	-
Utilities	206,570	37,530	213,832	28,397
At end of period/year	**1,537,398**	**234,122**	**1,464,096**	**180,837**
Incurred by				
Sovereign	190,273	35,120	187,970	40
Non-sovereign	1,347,125	199,002	1,276,126	180,797
At end of period/year	**1,537,398**	**234,122**	**1,464,096**	**180,837**

In 2026 outstanding balance of loans also includes fair value hedge adjustment of EUR 1,686 thousand (2025: EUR 1,015 thousand).

5.3 Capital Management

At the inception of the Bank, initial authorized share capital was SDR 1 billion, which was fully subscribed by the Member States. In December 2007 the BoG approved an increase of the Bank's authorized share capital to SDR 3 billion and authorized the offering of SDR 1 billion to the existing Member States for subscription, with the objective of increasing subscribed capital to a total of SDR 2 billion. The increase allows the Bank to implement its operational strategy to a substantial degree. The Bank does not have any other classes of capital.

In October 2008 the above new shares in the amount of SDR 1 billion that were offered for subscription to the Bank's Member States were fully subscribed and allocated. Accordingly, the Bank's paid-in share capital was doubled from SDR 300 million to SDR 600 million. The remaining SDR 1 billion of authorized share capital has not yet been allocated.

Pursuant to Resolution 131 of the BoG, that unanimously adopted the first amendment to the Establishing Agreement, which became effective on 21 June 2013. As of this effective date, and as per Resolution 131 of the BoG, the unit of account of the Bank became the EUR and all of the Bank's authorized share capital was redenominated from SDR to EUR. The conversion rate applied was SDR to EUR fixed at 1:1.15.

In May 2024, BoG of the Bank concluded a capital increase, according to which the total subscribed capital will rise by EUR 817 million to EUR 3.1 billion. The paid-in capital will increase by EUR 245 million through cash contribution to EUR 932 million, scheduled in the period 2027-2034.

The share capital usage of the Bank is guided by statutory and financial policy parameters. Article 15 of the Establishing Agreement limits the total amount of outstanding loans, equity investments and guarantees made for ordinary operations to 150% of the Bank's unimpaired subscribed capital, reserves and surpluses, establishing a 1.5:1 institutional gearing ratio. Additionally, disbursed equity investments shall not at any time exceed an amount corresponding to the Bank's total unimpaired paid-in capital, surpluses and general reserve.

The Bank determines required share capital as the potential losses the Bank may incur based on probabilities consistent with the Bank's credit rating. The main risk categories assessed under the share capital adequacy framework are credit risk, market risk and operational risk, and such total risks are managed within the available share capital base that excludes callable share capital, while maintaining a prudent cushion. The main objective of this framework is to manage the Bank's share capital by providing a consistent measurement of capital headroom over time. The Bank has no expectation for callable share capital to be called, and will prevent this need and use only available risk share capital as reserves, surplus and paid-in.

At the 36th meeting of the BoD in 2008, the operational gearing ratio was set at 100% of the Bank's unimpaired paid-up capital, reserves and surpluses, and the usable portion of the callable capital. This limit on the total amount of operations which includes all callable capital is approximately EUR 2.5 billion.

Overall, the Bank preserves an actively managed capital stock to prudently cover risks in its activities. As a multilateral financial institution, the Bank is not subject to regulatory capital requirements. However, the Bank uses standards proposed by the Basel II Capital Accord as a benchmark for its risk management and capital framework. Pursuant to Article 5 of the Establishing Agreement, the BoG shall at intervals of not more than five years review the capital stock of the Bank. In substance, the primary objective of the Bank's capital management is to ensure adequate share capital is available to support the Bank's operations.

6. OPERATING SEGMENTS

The Bank is a multilateral financial institution, which in accordance with the Establishing Agreement, is dedicated to accelerating development and promoting co-operation among the Bank's shareholder countries. The Bank operates in a specific geographical area and the primary reporting format for business segments are the Lending and Treasury operations. Lending activities represent investments in projects such as loans, equity investments and guarantees. Treasury activities include raising debt finance, investing surplus liquidity, and managing the Bank's foreign exchange, liquidity and interest rate risks.

The Bank's primary source of revenues is interest income from above mentioned activities. In addition, the Bank also derives revenues from net fees and commissions and other income that comprised: dividend income, net gains from equity investments at fair value through profit or loss, net gains from loans, net gains from investment securities held at amortized cost and at fair value through profit or loss.

Information on the financial performance of Lending and Treasury activities is prepared regularly and provided to the President, the Bank's chief operating decision-maker. As such, these activities have been identified as the operating segments which the President assesses their performance in a manner associated with the financial statements and consistent with the prior year that is as follows.

	01.01-30.06.2026			01.01-30.06.2025		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Income statement						
Interest income	45,621	6,313	51,934	36,245	3,963	40,208
Net fees and commissions	1,355	-	1,355	650	-	650
Other income (loss)	2	(1,943)	(1,941)	17	(55)	(38)
Total segment revenues	**46,978**	**4,370**	**51,348**	**36,912**	**3,908**	**40,820**
Interest expense	(26,219)	(169)	(26,388)	(13,996)	(108)	(14,104)
Net interest income (expense) on derivatives	-	(5,228)	(5,228)	-	(6,951)	(6,951)
Gains (losses) on other financial instruments	111	(1,657)	(1,546)	484	48,652	49,136
Foreign exchange	-	10,683	10,683	-	(18,759)	(18,759)
Personnel and administrative expenses	(13,359)	(477)	(13,836)	(11,998)	(393)	(12,391)
Depreciation and amortization	(462)	(13)	(475)	(274)	(2)	(276)
Segment income before ECL	**7,049**	**7,509**	**14,558**	**11,128**	**26,347**	**37,475**
(Less): Expected credit (losses) / Gains	1,905	(163)	1,742	4,679	600	5,279
Income for the period	**8,954**	**7,346**	**16,300**	**15,807**	**26,947**	**42,754**

	30 June 2026			31 December 2025		
Presented in EUR (000)	Lending	Treasury	Total	Lending	Treasury	Total
Financial position						
Segment assets	1,535,251	770,043	2,305,294	1,459,861	637,383	2,097,244
At end of period/year	**1,535,251**	**770,043**	**2,305,294**	**1,459,861**	**637,383**	**2,097,244**
Segment liabilities	1,278,315	82,205	1,360,520	1,079,054	94,607	1,173,661
Members' equity	-	-	944,774	-	-	923,583
At end of period/year	**1,278,315**	**82,205**	**2,305,294**	**1,079,054**	**94,607**	**2,097,244**

7. INTEREST AND SIMILAR INCOME

Interest and similar income are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2026	Six months to 30 June 2025
From loans at amortized cost	44,693	35,540
From due from banks	1,251	1,761
From debt securities at FVTOCI	5,062	2,202
Total interest income for financial instruments not measured at FVTPL	**51,006**	**39,503**
From loans at FVTPL	928	705
Interest and similar income	**51,934**	**40,208**

The increase in interest and similar income was primarily due to new loan disbursements performed during the period.

8. INTEREST AND SIMILAR EXPENSE

Interest and similar expense are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2026	Six months to 30 June 2025
From borrowed funds due to financial institutions	(6,671)	(2,326)
From issued debt evidenced by certificates	(19,548)	(11,670)
From other charges	(169)	(108)
Interest and similar expense	**(26,388)**	**(14,104)**

9. NET INTEREST ON DERIVATIVES

Net interest (expense) income on derivatives is analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2026	Six months to 30 June 2025
Interest on derivatives receivable	25,473	13,710
Interest on derivatives payable	(30,701)	(20,661)
Net interest (expense) income on derivatives	**(5,228)**	**(6,951)**

10. PERSONNEL AND ADMINISTRATIVE EXPENSES

Administrative expenses are analyzed as follows:

Presented in EUR (000)	Six months to 30 June 2026	Six months to 30 June 2025
Salaries and benefits	(9,133)	(8,109)
Staff retirement plans	(1,633)	(1,430)
Personnel expenses	**(10,766)**	**(9,539)**
Professional fees and related expenses	(942)	(768)
Utilities and maintenance	(655)	(876)
Other administrative	(1,473)	(1,208)
Administrative expenses	**(3,070)**	**(2,852)**

The average number of staff employed during the period was 118 (respective period 2025: 115). The number of staff on 30 June 2026 was 119 (30 June 2025: 117). Further analysis of the staff retirement plan is presented in the Note “Employee benefits”.

The Bank may also provide personal loans and advances to staff, including those in Management. Such are fully guaranteed by the second pillar of the staff retirement scheme, that instalments repaid are deducted within the employee payroll. These amounts are fully repayable prior to departure of that employee and are granted in accordance with the Bank’s Human Resources rules and regulations. Staff loans outstanding balance granted is included in Note “Other assets”.

11. EXPECTED CREDIT LOSSES ON LOANS

The table below presents the movement of the Expected Credit Losses arise from Loans measured at amortized cost.

Presented in EUR (000)	Stage 1	Stage 2	Stage 3	Total
At 31 December 2024	**1,940**	**35,391**	**58,901**	**96,232**
New loans originated	1,006	3,225	-	4,231
Release	(59)	(757)	(1,079)	(1,895)
Sale	(181)	-	-	(181)
Transfer	21	(21)	-	-
Impact in net remeasurement	126	(6,024)	(2,101)	(7,999)
Foreign exchange and other adjustment	(89)	(885)	(3,791)	(4,765)
At 31 December 2025	**2,764**	**30,929**	**51,930**	**85,623**
New loans originated	421	-	-	421
Release	(152)	(1,892)	-	(2,044)
Transfer	-	-	-	-
Impact in net remeasurement	83	(6,172)	3,550	(2,539)
Foreign exchange and other adjustments	19	107	1,068	1,194
At 30 June 2026	**3,135**	**22,972**	**56,548**	**82,655**

At each reporting date, the Bank recognizes loss allowances based on either 12-month Expected Credit Loss (ECL) or lifetime ECL, depending on the stage of the loan.

In 30 June 2026 the accumulated ECL on loans was EUR 82,655 thousand (2025: EUR 85,623 thousand) resulting in a decrease by EUR 2,968 thousand, which is mainly attributed to remeasurement of loans. The ECLs continued to remain high that were mainly attributed to the geopolitical conflict between Russian and Ukraine that begun on 24 February 2022, and the consequences thereof, which have negatively impacted the economies of Ukraine and Russia.

For the purpose of calculating Expected Credit Losses in accordance with IFRS 9, loans at amortized cost are classified in the below three stages:

- **Stage 1:** includes performing exposures that do not have significant increase in credit risk since initial recognition. This stage also includes exposures for which credit risk has been improved and the exposure has been reclassified from Stages 2 or 3. In this stage, expected credit losses are recognized based on the probability of default within the next twelve months.

- **Stage 2:** includes performing exposures for which there has been a significant increase in credit risk since initial recognition. Stage 2 also includes exposures for which credit risk has been improved and the exposure has been reclassified from Stage 3. In this stage, lifetime expected credit losses are recognized.

- **Stage 3:** includes non-performing and/or credit-impaired exposures. In this stage, lifetime expected credit losses are recognized.

Revolving Facilities and Undrawn Commitments

Revolving credit facilities have no fixed term and they can be cancelled at the discretion of the Bank at any point in time. These facilities are subject to, at a minimum, an annual credit review. In this regard, the date of the latest credit review is considered the relevant date to assess if there is any increase in credit risk, as at that point in time. Following this, the Bank may amend the terms and conditions of the exposure.

The estimate of the ECL on irrevocable loan commitments is consistent with its expectations of drawdowns on that loan commitment. Therefore, the Bank considered:

(i) the expected portion of the loan commitment that will be drawn down within 12 months of the reporting date when estimating 12-month expected credit losses and
(ii) the expected portion of the loan commitment that will be drawn down over the expected life of the reporting date when estimating lifetime expected credit losses. The Bank applies a 50%

credit conversion factor to loan undrawn commitments for calculation of expected credit loss, which may also include an ECL on any guarantee.

As of 30 June 2026, the related amount included in other liabilities is EUR 3,285 thousand for loan commitments of EUR 165,794 thousand (2025: EUR 1,059 thousand in other liabilities and for loan commitments of EUR 110,551 thousand, respectively).

Individual Assessments

For the loans for which impairment is assessed on an individual basis as per IFRS 9, the assessment is based on certain assumptions involving optimistic and pessimistic scenarios per the methodology currently applied by the Bank. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty; therefore, the actual outcomes may be significantly different from those projected. The Bank considers these forecasts to represent its best estimate of the future outcomes.

As the situation is changing, especially the status of loans in Ukraine and Russia are subject to regular review. The table below depicts per stage the outstanding balance along with the expected credit loss, which excludes that of undrawn commitments, for the period ended 30 June 2026 of Russian and Ukraine loans as follows:

Country	**30 June 2026**		
	Presented in EUR (000)		
Russia	**Stage 2**	**Stage 3**	**Total**
Outstanding balance	39,641	50,350	89,991
Expected credit loss	427	19,620	20,047
Ukraine	**Stage 2**	**Stage 3**	**Total**
Outstanding balance	120,992	38,710	159,702
Expected credit loss	22,361	32,506	54,867

Country	**31 December 2025**		
	Presented in EUR (000)		
Russia	**Stage 2**	**Stage 3**	**Total**
Outstanding balance	47,802	48,824	96,626
Expected credit loss	526	18,300	18,826
Ukraine	**Stage 2**	**Stage 3**	**Total**
Outstanding balance	151,063	38,608	189,671
Expected credit loss	30,171	29,936	60,107

Stage Overrides Operations

Since the beginning of the geopolitical conflict the country credit risk ratings of both Ukraine and Russia have been downgraded and thus in accordance with the Bank's credit risk policy, referenced all loans in Ukraine and Russia were automatically downgraded to Stage 3.

The Bank performed an individual assessment on all these loans and where it was determined that based on the repayments performed by these borrowers, their respective creditworthiness and ability to serve their obligations that the Stage 3 criteria were not met, the Bank reclassified these loans to stage 2.

Total exposure of these loans amounted to EUR 160,633 thousand representing 10.7% of total outstanding loans at amortized cost as of 30 June 2026 and their respective ECL allowance was EUR 22,788 thousand, which includes that of undrawn commitments.

The reasons for the transfers to Stage 2 were:

- Continuing of operations.
- No deferrals/significant change of original repayment plan/prolongation of original maturity are foreseen.

12. DEBT INVESTMENT SECURITIES

Debt investment securities are analyzed as follows:

Presented in EUR (000)	30 June 2026	31 December 2025
Gross balance at 1 January	**113,914**	**96,475**
Purchase of debt investment securities	1,839,832	1,945,608
Proceeds from sale / redemption of debt investment securities	(1,574,904)	(1,928,169)
Gross balance debt investment securities	378,842	113,914
(Less): deferred income	(665)	(91)
(Less): expected credit losses	(2,514)	(2,351)
Debt investment securities at fair value through OCI	**375,663**	**111,472**
By investment type		
Bonds	16,328	24,541
Commercial papers	359,335	86,931
Debt investment securities at fair value through OCI	**375,663**	**111,472**

The above table has an analysis of the Bank's debt investment securities at fair value through other comprehensive income. The below table has a movement in allowance for expected credit losses is as follows:

Presented in EUR (000)	Stage 1	Stage 2	Stage 3	Total
At 31 December 2024	**102**	**-**	**1,703**	**1,805**
Charge	-	-	633	633
Release	(87)	-	-	(87)
At 31 December 2025	**15**	-	**2,336**	**2,351**
Charge			177	177
Release	(14)	-	-	(14)
At 30 June 2026	**1**	**-**	**2,513**	**2,514**

Total expected credit losses on debt investment securities were EUR 2,514 thousand at 30 June 2026 a net increase of EUR 163 thousand compared to 31 December 2025, arising from Stage 3 government bonds.

13. DERIVATIVE FINANCIAL INSTRUMENTS

In the ordinary course of business, the Bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties, where future payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

The Bank primarily makes use of derivatives for the below strategic purposes:

- Many of the Bank's issued securities, excluding commercial paper, are individually paired with a swap to convert the issuance proceeds into the currency and interest rate structure sought by the Bank.
- To manage the net interest rate risks and foreign exchange risks arising from all financial assets and liabilities.
- Through currency swaps, to manage funding requirements for the Bank's loan portfolio.

Derivatives can include interest rate and cross currency swaps, forward foreign exchange contracts, interest rate future contracts, and options on interest rates and foreign currencies. Such financial instruments are initially recognized in the statement of financial position (SoFP) at fair value and are subsequently measured at their fair value. They are carried in the SoFP as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in fair value of derivative financial instruments are included in the income statement. Fair values are obtained from quoted market prices to the extent publicly available, discounted cash flows and options pricing models as appropriate.

The Bank enters into hedging relationships to protect the Bank from financial risks such as currency risk, and interest rate risk. The Bank's policies on risk management are to not take significant interest rate or foreign exchange risks, and to aim where possible to match assets, liabilities and derivatives.

The majority of the Bank's lending activities is at floating rates linked to USD Secured Overnight Financing Rate (Sofr) or Euribor. When lending at a fixed rate the Bank will often use interest rate swaps to produce floating rate interest payments.

The Bank's borrowings, particularly bonds issuances, tend to be at a fixed rate and sometimes in currency denominations other than EUR or USD. The Bank in order mitigate the aforementioned underlying risks uses either interest rate or cross currency interest rate swaps to produce floating rate liabilities in USD or EUR.

All the Bank's interest rate or cross currency swaps are explicitly tied to a balance sheet asset or liability. Typically, the fixed rate on the swap and the matching asset or liability has the same characteristics (term, payment dates etc.).

Foreign exchange forwards (paired purchases and sales of currencies on different dates) of maturities typically less than three months are not tied to specific assets or liabilities. These are undertaken to manage surpluses and shortfalls in EUR and USD and are not undertaken for speculative purposes. All derivatives are documented under International Swaps and Derivatives Association (ISDA) master netting agreement with Credit Swap Annexes (CSAs) and marked to market and cash collateralized daily. The Department of Treasury, under the guidance of ALCO and the supervision of the ALM Unit, is responsible for the primary usage and managing interest rate and currency risks in the Bank's statement of financial position.

Presented in EUR (000)	At 30 June 2026		
	Notional amount of derivative contracts	**Fair Value**	
Derivatives held for hedging:		**Assets**	**Liabilities**
Derivatives designated and effective as hedging instruments carried at fair value hedges:			
Interest Rate Swaps	371,051	1,803	36,238
Cross Currency Swaps	674,552	13,279	17,711
Total Derivatives designated in fair value hedges:	**1,045,603**	**15,082**	**53,949**
Derivatives held for risk management purposes:			
Interest Rate Swaps	155,000	-	26,351
Cross Currency Swaps	209,537	2,544	1,905
Total Derivatives held for risk management purposes:	**364,537**	**2,544**	**28,256**
Total	**1,410,140**	**17,626**	**82,205**

Presented in EUR (000)	At 31 December 2025		
	Notional amount of derivative contracts	Fair Value	
Derivatives held for hedging:		**Assets**	**Liabilities**
Derivatives designated and effective as hedging instruments carried at fair value hedges:			
Interest Rate Swaps	353,511	1,228	37,082
Cross Currency Swaps	401,363	9,216	28,448
Total Derivatives designated in fair value hedges:	**754,874**	**10,444**	**65,530**
Derivatives held for risk management purposes:			
Interest Rate Swaps	155,000	-	27,917
Cross Currency Swaps	273,198	9,226	1,160
Total Derivatives held for risk management purposes:	**428,198**	**9,226**	**29,077**
Total	**1,183,072**	**19,670**	**94,607**

The Bank uses derivatives for risk management purposes and contains derivatives which are designated as hedging instruments in qualifying hedge relationships, more details of which are provided in note 5. Derivatives, which are not designated as hedging instruments in qualifying hedge relationships, are used to manage the Bank's exposure to interest rate and foreign exchange risks.

The Bank's exposure to derivative contracts is monitored on regular basis as part of its overall risk management framework. For more information about how the Bank manages its market risks, see Note "Risk management". The above derivative financial instrument contracts with financial counterparties have been documented under International Swaps and Derivative Association (ISDA) Master Agreements with Credit Support Annexes (CSAs). Pursuant to such arrangements the Bank is eligible to offset assets and liabilities in the event of a counterparty default occurrence. The Bank's derivative assets and financial liabilities are generally not offset in the statement of financial position unless the IFRS netting criteria are met.

13.1 Hedge accounting

The Bank has four (4) hedge accounting models to hedge interest rate and foreign exchange risk of its financial assets and financial liabilities. These are as follows:

13.1.1 Fair value hedge accounting for foreign currency component to lending operations

As part of its core lending operations, the Bank uses currency swaps to hedge the foreign exchange risk arising from future collections of the principal amounts of the designated USD-denominated foreign currency loans. In this context, the fair value change risk arising from the USD-denominated loans designated as the hedged item is eliminated by establishing an offsetting mechanism with the fair value changes of the currency swaps designated as the hedging instrument, in accordance with IFRS 9 hedge accounting principles.

Within the scope of its fair value risk management strategy related to foreign exchange rate fluctuations, the Bank applies fair value hedge accounting in accordance with IFRS 9 principles. It offsets the unrealized fair value fluctuations arising on the hedging instrument—whose effectiveness has been mathematically demonstrated in line with IFRS 9—against the foreign exchange gains/losses generated by changes in market exchange rates on the notional amounts of its USD-denominated loans, thereby aiming to present a more accurate and meaningful income statement.

Under the established hedge accounting framework, the Bank aims to maintain a hedge ratio of c.a. 80 and hedge effectiveness within the range of 70% to 130%. As of 30 June 2026, the hedge ratio was calculated at 90%, and hedge effectiveness at 100%.

Presented in EUR (000)	**30 June 2026**
Fair value change in the hedged item attributed to foreign currency risk	5,549
Fair value change in the hedging instrument	(6,835)
Hedge effectiveness ratio	**123%**
Ineffectiveness	(1,286)

Presented in EUR (000)	**30 June 2026**
Quantity of the hedged item that the BSTDB actually hedges	224,889
Quantity of the hedging instrument that the BSTDB actually uses to hedge	246,935
Hedge Ratio	**110%**

13.1.2 Fair value hedge accounting for foreign currency component and interest rate risk to borrowings

The Bank uses cross currency interest rate swap contracts to hedge the fair value risks arising from fixed-rate foreign currency borrowings that it is obligated to repay in the future under loan and issuance agreements signed for the purpose of financing its operations. In this context, the fair value fluctuation arising from fixed-rate foreign currency debt instruments designated as the hedged item is eliminated by establishing an offsetting mechanism through the fair value changes of the cross currency interest rate swaps designated as the hedging instrument, in accordance with IFRS 9 hedge accounting principles.

Within the scope of its fair value risk management strategy related to foreign currency exchange and fixed interest rates, the Bank applies fair value hedge accounting in accordance with IFRS 9 principles. It offsets the unrealized fluctuations arising from exchange rate and interest rate movements on the hedging instrument—whose effectiveness has been mathematically demonstrated in compliance with IFRS 9—against the fair value changes resulting from exchange rate and interest rate movements on the hedged item, with the objective of presenting a more accurate and reliable profit and loss statement.

Under the established hedge accounting framework, the Bank aims to maintain a hedge ratio of c.a. 100% and hedge effectiveness within the range of 70% to 130%. As of 30 June 2026, the hedge ratio was calculated at 100%, and hedge effectiveness at 106%.

Presented in EUR (000)	**30 June 2026**
Fair value change in the hedged item	(5,440)
Fair value change in the hedging instrument	5,742
Hedge effectiveness ratio	**106%**
Ineffectiveness	302

Presented in EUR (000)	**30 June 2026**
Quantity of the hedged item that the BSTDB actually hedges	688,965
Quantity of the hedging instrument that the BSTDB actually uses to hedge	688,965
Hedge Ratio	**100%**

13.1.3 Fair value hedge accounting for interest rate risk to Euro denominated debt instruments

The Bank uses interest rate swap contracts to hedge the fair value risks arising from fixed-rate debt instruments that it is obligated to repay in the future under borrowing and issuance agreements signed for the purpose of financing its operations. In this context, the fair value fluctuation arising from fixed-rate debt instruments designated as the hedged item is eliminated by establishing an offsetting mechanism through the fair value changes of the interest rate swaps designated as the hedging instrument, in accordance with IFRS 9 hedge accounting principles.

Within the scope of its fair value risk management strategy related to fixed interest rates, the Bank applies fair value hedge accounting in accordance with IFRS 9 principles. It offsets the unrealized fluctuations arising from interest rate movements on the hedging instrument—whose effectiveness has been mathematically demonstrated in compliance with IFRS 9—against the fair value changes resulting from interest rate movements on the hedged item, with the aim of presenting a more accurate and reliable profit and loss statement.

Under the established hedge accounting framework, the Bank aims to maintain a hedge ratio of c.a. 70% and hedge effectiveness within the range of 70% to 130%. As of 30 June 2026, the hedge ratio was calculated at 100%, and hedge effectiveness at 106%.

Presented in EUR (000)	**30 June 2026**
Fair value change in the hedged item	(1,534)
Fair value change in the hedging instrument	1,631
Hedge effectiveness ratio	**106%**
Ineffectiveness	97

Presented in EUR (000)	**30 June 2026**
Quantity of the hedged item that the BSTDB actually hedges	120,000
Quantity of the hedging instrument that the BSTDB actually uses to hedge	120,000
Hedge Ratio	**100%**

13.1.4 Fair value hedge accounting for interest rate risk to fixed Euro denominated loans

The Bank uses interest rate swap contracts to hedge the fair value risks arising from fixed-rate loans that it will collect in the future under lending agreements. In this context, the fair value fluctuation arising from fixed-rate loans designated as the hedged item is eliminated by establishing an offsetting mechanism through the fair value changes of the interest rate swaps designated as the hedging instrument, in accordance with IFRS 9 hedge accounting principles.

Within the scope of its fair value risk management strategy related to fixed interest rates, the Bank applies fair value hedge accounting in accordance with IFRS 9 principles. It offsets the unrealized fluctuations arising from interest rate movements on the hedging instrument—whose effectiveness has been mathematically demonstrated in compliance with IFRS 9—against the fair value changes resulting from interest rate movements on the hedged item, with the aim of presenting a more accurate and reliable profit and loss statement.

Under the established hedge accounting framework, the Bank aims to maintain a hedge ratio of c.a. 70% and hedge effectiveness within the range of 70% to 130%. As of 30 June 2026, the hedge ratio was calculated at 59%, and hedge effectiveness at 107%.

Presented in EUR (000)	**30 June 2026**
Fair value change in the hedged item	(645)
Fair value change in the hedging instrument	690
Hedge effectiveness ratio	**107%**
Ineffectiveness	45

Presented in EUR (000)	**30 June 2026**
Quantity of the hedged item that the BSTDB actually hedges	167,235
Quantity of the hedging instrument that the BSTDB actually uses to hedge	98,617
Hedge Ratio	**59%**

13.1.4 Forward-looking hedge effectiveness assessment (date: 31 December 2026) presented in EUR (000):

Hedge of Foreign currency risk component of USD loans (fair value hedge accounting attributed to changes in spot foreign exchange rates)	
Change in the fair value of the hedging instrument	7,847,431
Change in the fair value of the hedged item attributable to the hedged risk (i.e. foreign currency risk)	(7,791,352)
Forward-looking hedge effectiveness ratio	**101%**

Hedge of foreign currency and interest rate risk of fixed rate foreign currency debt instrument (fair value hedge accounting attributed to changes in spot foreign exchange rates and benchmark interest rates)	
Change in the fair value of the hedging instrument	31,471,102
Change in the fair value of the hedged item	(30,710,373)
Forward-looking hedge effectiveness ratio	**103%**

Hedge of interest rate risk of fixed rate EUR debt instruments (fair value hedge accounting attributed to changes in benchmark interest rates)	
Change in the fair value of the hedging instrument	(1,139,501)
Change in the fair value of the hedged item	1,169,166
Forward-looking hedge effectiveness ratio	**98%**

Hedge of interest rate risk of fixed rate EUR loans (fair value hedge accounting attributed to changes in benchmark interest rates)	
Change in the fair value of the hedging instrument	897,368
Change in the fair value of the hedged item	(870,649)
Forward-looking hedge effectiveness ratio	**103%**

14. LOANS

The Bank offers a range of loan facilities directed to investments for both project and trade financing and are tailored to meet an individual operation's requirements. Loans may be denominated in any convertible currency, or a combination of convertible currencies in which the Bank is able to fund itself.

Presented in EUR (000)	At 30 June 2026	At 31 December 2025
Loans at amortized cost:		
At 1 January	**1,455,848**	**1,454,982**
Disbursements	321,769	513,303
Less: repayments	(265,755)	(403,075)
Movement of accrued/deferred income	(1,528)	(6,750)
Sale of loan	-	(38,298)
Foreign exchange and other movements	14,793	(64,314)
Outstanding balance	**1,525,127**	**1,455,848**
(Less): Expected credit losses	(82,655)	(85,623)
Loans at fair value through profit or loss*	30,142	30,031
Loans (net carrying amount)	**1,472,614**	**1,400,256**

* See Note 5.1 for further movement of "Loans at fair value through profit or loss".

In 2026 "foreign exchange and other movements" also includes fair value hedge adjustment of EUR 1,686 thousand (2025: EUR 1,015 thousand).

15. EQUITY INVESTMENTS

A primary focus of the Bank is to facilitate access to funding for those small and medium-size enterprises with the potential for positive economic developmental impact. With this objective in mind, the Bank, together with a number of other institutions, has invested in the entities as detailed below.

		At 30 June 2026		At 31 December 2025	
Presented in EUR (000)	% of Investment	Cost	Fair Value	Cost	Fair Value
Access Bank, Azerbaijan	0.58	780	485	754	539
Emerging Europe Accession Fund	10.15	1,110	4,468	1,110	3,154
Rusal	0.01	4	152	4	226
Teamnet International	8.33	5,599	-	5,599	-
Natfood	37.98	2	-	-	-
EOS Hellenic Renaissance Fund I	2.01	1,859	2,636	1,944	2,603
EOS Hellenic Renaissance Fund II	2.28	1,005	952	433	304
SME Remedium CAP II Fund	0.01	605	605	88	88
Equity investments at fair value though other comprehensive income		**10,964**	**9,298**	**9,932**	**6,914**

The valuation of such investments, which are unlisted, has been estimated using the most recent management accounts or the latest audited accounts as of 30 June 2026, as Management considers that these provide the best available estimate of the investments' fair value. The techniques applied to perform these valuations include equity calculations based on EBITDA and market data.

As of 30 June 2026 the Bank has committed amount of EUR 13,240 thousand towards further participation in the above entities (2025: EUR 14,682 thousand). Additional analysis of the equity investment portfolio is presented in the Note 5.2.

None of the Bank's equity investments were accounted for as an investment in an associate under IAS 28 as the Bank does not exert significant influence nor significant control.

16. OTHER ASSETS

Other assets are analyzed as follows:

Presented in EUR (000)	At 30 June 2026	At 31 December 2025
Advances and prepaid expenses	10,680	9,827
Accrued interest on derivatives	15,821	6,648
Clearinghouse on derivatives	1,463	1,418
Other receivables	307	267
Other prepayments	2,786	2,786
Staff loans (see Note 10)	3,989	3,153
Guarantee deposits and non-current	93	47
Government Grant – receivable from special fund	-	10,000
Other assets	**35,139**	**34,146**

In March 2026 the Hellenic Government in an expression of support and demonstration of its continuous commitment to the Bank provided the second and final instalment to the new permanent Headquarters Premises of EUR 5 million against the Special Fund, as such the Hellenic Government commitments to the Special Fund have been fulfilled and such terminated. Therefore the EUR 10,000 thousand receivable as of 31 December 2025 is fully received.

17. PROPERTY AND EQUIPMENT

Property and equipment were a total amount of EUR 21,657 thousand (2025: EUR 21,501 thousand) with accumulated depreciation of EUR 4,048 thousand (2025: EUR 3,467 thousand) and net book value of EUR 17,609 thousand (2025: EUR 18,034 thousand). Depreciation for the period was EUR 581 thousand, which is reduced with deferred income associated with government grant equal to EUR 250 thousand.

18. INTANGIBLE ASSETS

Intangible assets comprising computer software were a total amount of EUR 6,592 thousand (2025: EUR 6,368 thousand) with accumulated amortization of EUR 6,001 thousand (2025: EUR 5,857 thousand) and net book value of EUR 591 thousand (2025: EUR 511 thousand). Amortization for the period was EUR 144 thousand.

19. BORROWINGS

Borrowing facilities and bond issues debt evidenced by certificates, arranged as at the financial position date. In addition to medium- or long-term borrowings and bond issuances, the Bank utilizes short-term financing borrowings from commercial banks for cash management purposes.

A significant proportion of the Bank's debts evidenced by certificates are hedged in a one-to-one hedging relationship with a cross-currency swap. On these bond issuances, as the bond's cash flows are offset by equivalent cash flows on the swap, the Bank's funding costs are effectively incurred in the currency of the funding leg of the swap. Where the swap counterparty exercises a right to terminate the hedging swap prior to legal maturity, the Bank shall exercise the same right on that issued bond.

Presented in EUR (000)	Average maturity (years)	Approx. average cost (%)	30 June 2026 Amount Used	30 June 2026 Amount arranged	31 December 2025 Amount used	31 December 2025 Amount arranged
Borrowed by						
Amounts borrowed	3.28	3.79	1,227,404	1,509,450	1,039,394	1,337,451
Accrued interest payable			17,926	-	9,808	-
Total	**3.28**	**3.79**	**1,245,330**	**1,509,450**	**1,049,202**	**1,337,451**
Denomination by						
Euro	4.65	2.52	490,068	601,204	457,775	628,167
United States dollar	2.97	5.07	414,614	585,524	123,567	251,227
Swiss franc	3.12	0.35	162,762	162,762	161,078	161,078
Romanian lei	-	-	-	-	65,716	65,721
Pound sterling	3.12	2.03	49,784	49,784	57,205	57,205
Turkish lira	4.09	35.28	9,478	9,478	7,131	7,131
Georgian lari	1.50	8.21	44,767	44,767	42,537	42,537
Czech koruna	--	-	-	-	49,511	49,511
Japanese yen		-	-	-	27,142	27,142
Australian dollar	3.75	3.03	14,060	14,060	16,857	16,857
Polish zloty	0.25	2.12	16,985	16,985	16,584	16,584
New Zealand dollar	3.25	6.10	4,644	4,644	4,907	4,907
Philippine peso	4.25	6.60	8,496	8,496	9,384	9,384
Chilean peso	4.92	6.50	11,746	11,746	9,808	-
Accrued interest payable	-	-	17,926	-	-	-
Total	**3.28**	**3.79**	**1,245,330**	**1,509,450**	**1,049,202**	**1,337,451**
Maturity by						
Short-term, within one year	0.69	1.16	213,465	213,465	187,072	187,072
Long-term, over one year	3.82	4.34	1,013,939	1,295,985	852,322	1,150,379
Accrued interest payable	-	-	17,926	-	9,808	-
Total	**3.28**	**3.79**	**1,245,330**	**1,509,450**	**1,049,202**	**1,337,451**

The approximation of average maturity was from the reporting date until the maturity date. The approximation of average cost on borrowings was determined using appropriate average base interest rates plus the applicable basis points margin. There is no collateral against the above borrowed funds.

20. OTHER LIABILITIES

Other liabilities are analyzed as follows:

Presented in EUR (000)	At 30 June 2026	At 31 December 2025
Accrued interest on derivatives	17,130	13,518
Suppliers and other accrued expenses	275	1,711
Other provisions	3,887	1,630
Government grant	9,583	9,833
Other liabilities	**30,875**	**26,692**

- Other provisions for loan guarantees of EUR 602 thousand increased by EUR 31 thousand.
- Other provisions for loan commitments of EUR 3,285 thousand, are increased by EUR 2,226 thousand in the six-month period ended 30 June 2026.
- Government grant was received by Hellenic State to compensate the Bank for the acquisition of its new Headquarters at Thessaloniki in Greece, which are in operation since September 2025. According to the selected policy, deferred income is recognized over a systematic basis over the useful life of the asset, coinciding with the related depreciation charge from the building for which grant is received. the Bank recognizes. Deferred income for the 6-month period ended 30 June 2026 is EUR250 thousand and is posted against depreciation expense.

21. SHARE CAPITAL

The share capital is analyzed as follows:

Presented in EUR (000)	At 30 June 2026	At 31 December 2025
Authorized share capital	3,450,000	3,450,000
Less: unallocated share capital*	(1,161,500)	(1,161,500)
Subscribed share capital	**2,288,500**	**2,288,500**
Less: shares not yet called	(1,601,950)	(1,601,950)
Paid-in share capital	**686,550**	**686,550**

* Shares available to new or existing Member States.

22. RESERVES

Reserves are analyzed as follows:

Presented in EUR (000)	General reserve	Revaluation reserve	Other reserves	Total
At 31 December 2024	**131,562**	**(29,654)**	**(964)**	**100,944**
Gains (losses) on revaluation of investments		1,368		1,368
Actuarial (losses) gains on defined benefit scheme			1,601	1,601
Gains (losses) on cash flow hedging instruments			2,071	2,071
Transferred from retained earnings	14,745			14,745
At 31 December 2025	**146,307**	**(28,286)**	**2,708**	**120,729**
Fair value gains (losses) on revaluation of equity investments FVOCI		1,379		1,379
Fair value gains (losses) on debt securities at FVOCI		410		410
Gains (losses) on cash flow hedging instruments			1,035	1,035
Gains (losses) on disposal of debt securities		2,067		2,067
At 30 June 2026	**146,307**	**(24,430)**	**3,743**	**125,620**

The Bank's general reserve is maintained for meeting any unforeseeable risks or contingencies, and the other reserve primarily is the movement in the remeasurements of the Bank's defined benefit pension scheme and cash flow hedging instruments which were discontinued as of 30 June 2026 (see note 13).

23. EMPLOYEE BENEFITS

Under the defined benefit scheme at the end of the period equal to EUR 2,786 thousand (2025: net asset EUR 2,786 thousand) and the amount included in personnel expenses for the period was EUR 821 thousand (30 June 2025: EUR 719 thousand).

Under the defined contribution scheme the amount included in personnel expenses for the period was EUR 812 thousand (30 June 2025: EUR 711 thousand).

24. CASH AND CASH EQUIVALENTS

As of 30 June 2026, the Bank has entered for first time in its transaction history, into time deposits which are disclosed under "Cash and cash equivalents" as follows:

Presented in EUR (000)	30 June 2026	31 December 2025
Cash on hand	6	6
Due from banks	289,948	425,865
Cash and due from banks	**289,954**	**425,871**
Investments maturing up to 1 month:		
At fair value through other comprehensive income portfolio	199,802	78,385
Investment maturing from 1 month to 3 months:		
At time deposits	20,000	-
At fair value through other comprehensive income portfolio	159,534	8,511
Cash and cash equivalents	**669,290**	**512,767**

25. RELATED PARTIES

The Bank has the following related parties.

Key Management Personnel

Key management personnel comprise: the President, Vice Presidents and Secretary General. They are entitled to a staff compensation package that includes a salary, medical insurance cover, participation in the Bank's retirement schemes and are eligible to receive other short-term benefits which can include a bonus. Key management personnel may receive post-employment benefits, other long-term benefits and termination benefits, but do not receive any share-based payments.

The amounts paid to key management personnel during the period were EUR 976 thousand (2025: EUR 865 thousand), of which comprises salary and employee benefits of EUR 833 thousand (2025: EUR 744 thousand) and post-employment benefits of EUR 144 thousand (2025: EUR 121 thousand).

The members of the Board of Directors (BoD) are not personnel of the Bank and do not receive any fixed term salaries nor any staff benefits. The governments of the Member States are not related parties.

26. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period that would require adjustment or disclosure to these condensed interim financial statements.

The events below after the reporting period, that are indicative of conditions that arose thereafter, do not lead to adjustment of the financial statements but are disclosed in the event that they are material.

In 29 July 2026 **S&P** assessed BSTDB's financial risk profile as extremely strong thanks to its solid capital and liquidity, a position which is believed will enable the bank to rebuild its loan book and progressively enhance its developmental impact and policy utility. Therefore **S&P** raised its long-term issuer credit rating on BSTDB to '**BBB+**' from "BBB" and affirmed its **'A-2' short-term rating** on the bank.